INSTRUCTIONS FOR DECEASED EMPLOYEE PAYMENTS

Deduction eligibility for Final Earned Wages are different than for Lump Sum payments therefore will need to be calculated separately. To accommodate, departments must process all payments in different pay periods.

The State Board of Retirement provides all Beneficiary information and percentage of elections. If none, then payments go to the Estate.

For HRCMS processing:
- Stop all Direct Deposits and Issue Check
  Compensate Employee/ Maintain Payroll Data/ Use/ Direct Deposit.
- Leave Job status as 'Term With Pay'
  See HRCMS Job Aid: Termination with Pay.
- Terminate the HRCMS Employee Record after all payments have been made.

**Note: If employee record is already Terminated with Action Reason "DEA" (Death) then HR Control Department (HRD for Executive Branch) must change Action Reason from DEA to "RES" (Resignation). Departments will then have to follow HRCMS job aids to Re-hire.
See HRCMS Job Aid: Retro Pay for Terminated Employees.

Final Payments for Earned Wages

The actual hours (or 'last' time) reported for the employee earned but not paid.

All Paycheck calculations are based on employee personal information prior to death. All applicable Garnishments, Fed/MA Tax Withholdings, Medicare, Other Deductions and Retirement Contributions are to be taken.

- Process all current Time/Hours as normal.
- Do not shut off any applicable deductions. Taxes will be withheld accordingly.
- Add the Beneficiary's Name as the "Payable To".
  Compensate Employees/ Maintain Payroll Data/ Use/ Payroll Data/ Payroll Data 2 (Enter Beneficiary Name in "Paycheck Name" field)
- Review Paycheck Data for all calculations (Earnings, Taxes, Deductions)

  *OSC will generate a 1099 equal to the Net Pay of these earnings. See <u>Processing A Manual 1099</u>.

Deceased Employee– Draft as of Sep 17, 2003.

Leave Buyouts and Lump Sum Payments

Any residual (Leave, Bonus, other Lump Sum) payments owed and not yet paid.

Paycheck calculations are NOT all based on applicable personal information prior to death. Only applicable Medicare and RET deductions are to be withheld. Do NOT withhold Garnishments, Fed/MA Tax Withholdings or Other Deductions.

- To ensure proper payment and taxation, process all Lump Sum/Leave Payments (SIC, VAC) in Additional Pay under earnings code **DPL**: Deceased Employee Pay - Lump Sum no RET.
- If the payment should add to State Retirement Contributions use earnings code **DPR**: Deceased Employee Pay - Lump Sum with RET.
- Process any necessary Leave Balance Adjustment Code (VL-, SI-) to ensure proper Leave Balances.
- Ensure that no Deductions are taken.
- Ensure that no Voluntary Retirement Deductions are taken. (Note: Stop the Deduction ONLY, Do Not make any changes to Pension Plan eligibility/enrollment)
- Ensure that no Garnishments are taken (notify OSC).
- Add the Beneficiary's Name as the "Payable To".
  Compensate Employees/ Maintain Payroll Data/ Use/ Payroll Data/ Payroll Data 2 (Enter Beneficiary Name in "Paycheck Name" field)
- Review Paycheck Data for all calculations (Earnings, Taxes, Deductions)

  *OSC will generate a 1099 equal to the Gross Pay of these earnings. See Processing A Manual 1099.

Payments made in Calendar Year After Employee's Death

Any Payments (Hours, Time, Leave, Bonus, other Lump Sum) owed and not yet paid within the same Tax Year as date of employee's Death.

NO payments made via Payroll System. Not subject to Medicare.

Payments are processed as a Payment Voucher (PV) in Object A21 via MMARS. Make payments Payable To the Beneficiary/Beneficiaries.

*Do not submit for a Manual 1099. The MMARS PV transaction will automatically produce a 1099.

ERIP Payments

All Early Retirement Payments will follow the original payout schedule. There is no consolidation or frequency change due to employee's death.

Deceased Employee– Draft as of Sep 17, 2003.

If ERIP Payments are made in the same Calendar Year as death, then Department should follow instructions for <u>Leave Buyouts and Lump Sum Payments</u>.
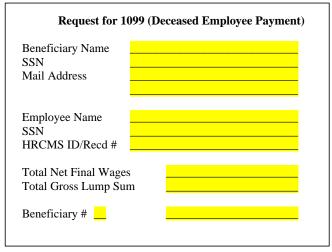
If ERIP Payments are not made in the same Calendar Year as death, then Department should stop all Payment records in the Payroll System and process via MMARS PV (see instructions).

Note: the Leave Balance Adjustment codes (unpaid) should still be entered in the Payroll System.

Processing a Manual 1099
Once payment obligations are completed submit the necessary Payment Information to the Comptroller's Payroll Unit to generate the 1099.

Submit (1) for each Beneficiary paid:

Request for 1099 (Deceased Employee Payment)

Beneficiary Name
SSN
Mail Address

Employee Name
SSN
HRCMS ID/Recd #

Total Net Final Wages
Total Gross Lump Sum

Beneficiary #

Submit to: Office of the Comptroller
1 Ashburton Place RM 901
Boston MA. 02108
Attention: Payroll Unit

1099s will be generated along with W2 processing and Year End, typically around January.

DEDUCTION GUIDELINES FOR DECEASED EMPLOYEE PAYMENTS

Deduction	Final Payments for Earned Wages	Leave Buyouts and Lump Sum Payments	Payment Made After Calendar Year of Employee's Death
Federal Income Tax	Deduct	Do Not Deduct	Do Not Deduct
Medicare Tax	Deduct	Deduct	Do Not Deduct
State Income Tax	Deduct	Do Not Deduct	Do Not Deduct
State Retirement	Deduct	Deduct	Do Not Deduct
Higher Ed Optional Retirement	Deduct	Do Not Deduct	Do Not Deduct
Alternate Retirement	Deduct	Do Not Deduct	Do Not Deduct
Wage Garnishments	Deduct	Do Not Deduct	Do Not Deduct
Dynacash Payback	Deduct	Deduct	Deduct
Basic Insurance	Do Not Deduct	Do Not Deduct	Do Not Deduct
Long Term Disability	Do Not Deduct	Do Not Deduct	Do Not Deduct
Dental/Vision Insurance	Do Not Deduct	Do Not Deduct	Do Not Deduct
Optional Life Insurance	Do Not Deduct	Do Not Deduct	Do Not Deduct
HCS Special Insurance	Do Not Deduct	Do Not Deduct	Do Not Deduct
Union Dues	Do Not Deduct	Do Not Deduct	Do Not Deduct
Agency Service Fees	Do Not Deduct	Do Not Deduct	Do Not Deduct
DCAP	Do Not Deduct	Do Not Deduct	Do Not Deduct
TSA	Do Not Deduct	Do Not Deduct	Do Not Deduct
Deferred Comp	Do Not Deduct	Do Not Deduct	Do Not Deduct
Savings Bonds	Do Not Deduct	Do Not Deduct	Do Not Deduct
COMECC	Do Not Deduct	Do Not Deduct	Do Not Deduct
MBTA Passes	Do Not Deduct	Do Not Deduct	Do Not Deduct
Commonwealth Fees	Do Not Deduct	Do Not Deduct	Do Not Deduct